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Shifts In Consumer Behavior Impact Travel As Recovery Slows; Know Your Customer, Provide Products To Satisfy Needs; Urged At 4th Annual HSMAI/NYU Industry Strategy Conference

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New York City | Several important shifts in consumer behavior are impacting both business and leisure travel and leading hospitality industry experts urged sales and marketing executives to take these changes into account in order to compete for the elusive customer, especially in the recovering economy.



The event, titled "The Morphing of the Business and Leisure Traveler: An Insight into Changing Attitudes and Behavior," left hospitality professionals with valuable insight into the mindset of today's business and leisure travelers and a more defined direction of the future needs as sales and marketing executives planned for the near term.

Leisure travel is leading the recovery, which according to Doug Shifflet, president and CEO of D.K. Shifflet & Associates, will not be complete until 2006. Knowing what the consumer wants and providing the products and services to meet those needs was a constant refrain of experts speaking at the Fourth Annual Industry Strategy Conference organized by the Hospitality Sales & Marketing Association International (HSMAI) and New York University at the New York Marriott Marquis last week.

Two interactive sessions highlighted hot business and leisure topics and featured a versatile line-up of panelists.

The conference explored shifts in travel patterns, product design, and consumer segments relative to leisure and business travel, as sales and marketing professionals gained valuable insights into current and future trends and market segments, as well as ideas and solutions that will impact their 2005 planning.

Jim Carroll, a leading international futurist, trends and innovation expert, delivered the thought provoking keynote address at the opening session entitled: "What Comes Next with Business and Leisure Travel (and what should you do about it)?" In referring to the future, Carroll emphasized that "The only certainty is uncertainty, and that is the context that drives all consumer and business travel decisions"

- Carroll noted that change has accelerated as a result of "The Perfect Storm" with the convergence of the dot-com collapse, September 11, and the corporate/ethical scandals causing businesses to view clear opportunities, such as the internet, new emerging markets and globalization, as threats, rather than embracing them and using them to our advantage.
- Carroll said the new emerging generation is the "Boomerang Generation" where the children are all returning to their parent's homes to live long after they have graduated from college.
- Pointing out that the defining characteristic that is driving industry today as "Aggressive Indecision," Carroll urged attendees to make the "fundamental relationship change" of being consultants or partners with their customers, guiding them into decisions that best suit their needs, rather than functioning as smooth-talking sales people.
- Carroll also defined five important trends for the audience to take into consideration when making important decisions:
 1. **"Change de-resistance"** – as technology is rapidly changing, baby-boomers often resist changing their ways with the times, while younger generations embrace all technology because they have grown up "with a mouse surgically attached to their hands."
 2. **"Aging and anti-aging"** – where retirement at age 65 is coming to an end because of pension problems, the fact that the skills of older people are needed in the marketplace.
 3. **"Hyper-innovation"** – how massive knowledge growth and the rapid exchange of information are speeding up the rate of innovation.
 4. **"Career change"** – where everybody is fragmenting into multiple segments and small specialties and where tomorrow's company will not have walls as complexity grows. Also, younger generations are looking for a more varied career path than is common today and are not afraid to change jobs or careers multiple

times.

5. **“Changing Customers”** – younger generations have a completely different perspective of the world than boomers do. The average Nintendo user of yesterday is 29 years old today, gets bored easily and is less ‘tradition’ oriented.

As an opening to the first panel discussion, Shifflet presented “Trend Convergence in Business Travel,” a study that was collected from a syndicated survey not previously released to the public.

The study revealed that business travel recovery has begun in 2004 with an increase in the number of transient meeting nights, and should accelerate into 2005, but not be complete until 2006.

Shifflet also stated that business room nights generated by Generation X are quickly becoming the major business travel force, with the Internet being the purchase channel of choice for certain business segments.

The event’s first group of panelists was moderated by Maureen O’Hanlon, partner, The Prism Partnership and chair of HSMAI, and featured Daren Kingi, market director of sales, Marriott Hotels; Rick Cunningham, director, corporate business development, InterContinental Hotel Group; Richard Markus, general manager, supplier relations, Expedia Corporate Travel; and Ben Mutzabaugh, travel reporter and columnist, USA Today.com.

Some of the session’s most intriguing highlights were as follows:

- Kingi advised hoteliers to consistently deliver the flawless execution that business travelers expect to find, because today’s business travelers will not hesitate to stay at a different property on their next business trip. “The bar has been raised and we have to give the customer what they want.”
- Cunningham explained how corporate travelers have become their own travel agents, and that each property should make sure that they are accurately represented on the Internet.
- Markus stated that today’s business professionals demand to have choice and control of their corporate trips, and that it is the industry’s responsibility to help them make their choices the way they want to make them.
- Mutzabaugh said “the ‘me culture’ wants what they want” and will find it wherever they have to go to satisfy their needs.

Shifflet’s second study, “Trend Convergence in Leisure Travel,” was presented as an opening to the second group of panelists, revealing a much greater shift in the leisure sector. The study reveals the number of leisure room nights is steadily increasing, especially in the baby-boomer and Generation X segments, and better yet, that travelers are going back to longer leisure stays. The purchase channel of choice for the emerging leisure travel segments is the Internet.

The leisure travel panel discussion featured moderator Sal Dickinson, CHME, chief executive, Dickinson & Associates, and included Dale Brill, senior vice president marketing, Visit Florida; Laura Begley, style director, Travel & Leisure Magazine; and Jeff Kinder, senior vice president hospitality and leisure, Cendant Travel Distribution Services and NEAT Group.

Highlights of this roundtable included:

- Brill pointed out that there is a lot of opportunity for hospitality to catch up to the new demands of leisure travel. Multi-generational vacationers, for example, require a greater variety of amenities for all age groups. He also noted that there is a consumer trend towards inclusion of cultural experiences on their trips.
- Begley noted that Generation X leisure travelers are looking for the most “untouched, exotic, authentic, and remote” locations, with mind-body connections. “Authenticity is key,” Begley stated. Intimate atmospheres and personalization in products and service is important she said, adding that “GenXers are looking for the next best thing, new experiences and are not becoming repeat guests.”
- Kinder reveals value-added packaged vacations continue to be strong for leisure travelers. “The leisure market will continue to shift upwards, as will online bookings,” Kinder added.

The day’s final presentation was given by Robert A. Gilbert, President and CEO, HSMAI and Dr. Lalia Rach, Associate Dean & HVS International Chair, New York University Tisch Center for Hospitality, Tourism and Sports Management, titled “Meet Your New Competition: Insights into companies and services who want your customer!”

The discussion noted challenges in both the business and leisure sectors, including the increase of remote-conferencing technology for business, and untraditional leisure travel competitors such as lavish motor homes, house boats and cruises.

Among the challenges addressed by Rach were:

- While we are able to connect anywhere, are we connecting the products and services to the new lifestyles?
- Are you utilizing new technology to improve the efficiency of your business and do you recognize that your competition and your customers are using it as well?
- Are you really managing your customer to provide them with convenience and taking care of their needs. How are we going to use all the information we gather to give the consumer more time?
- Consumers want choices, but get easily confused and in the affluent leisure market, they need guidance on how to spend their money and they need it fast.
- Technology does not replace anything. It is merely an enabler and if it doesn't benefit the customer, then why do it?

Gilbert urged participants to:

- Know your customer. CRM must now be a basic part of any business.
- Embrace a new mantra: to - read, read, read and know what's going on in both your industry and in business in general as well as what's on the consumer's mind.

To conclude the conference, both presenters highlighted the following important items for hospitality professionals:

1. Know your customer more than ever.
2. Mine demographic data in order to find new customers, as repeat business may not be a vital metric in the future.
3. Keep up with industry and technology news.
4. Be creative, take risks and think differently.
5. Be an early adapter that embraces change.
6. Represent your customers to ownership and management.
7. Commit to lifelong interaction and learning.
8. Allocate resources and realign where you are putting your marketing and sales on a fast track.

The Fourth Annual HSMIA/NYU Industry Strategy Conference proved to be yet another invaluable one, with an interactive series of intensive sessions and networking receptions that clearly addressed today's trends and issues in marketing in hospitality.



HSMIA is an international organization of sales and marketing professionals representing all segments of the hospitality industry. With a strong focus on education, HSMIA has become the industry champion in identifying and communicating trends in the hospitality industry, while operating as a leading voice for both hospitality and sales and marketing management disciplines. Founded in 1927, HSMIA is an individual membership organization comprising nearly 7,000 members worldwide, with 41 chapters in the Americas region.

For more information on HSMIA, contact the Hospitality Sales & Marketing Association International, 8201 Greensboro Drive, Suite 300, McLean, VA 22102, phone (703) 610-9024; fax (703) 610-9005, or visit the web site

at www.hsmmai.org

The Preston Robert Tisch Center for Hospitality, Tourism and Sports Management at New York University is a dynamic and growing educational and research center founded in July of 1995. The Tisch Center offers an extensive complement of hospitality, tourism and sports management academic programs of study including two bachelor's degree programs, three master's degree programs, and certificate programs. The curriculum focus is on asset management, financial analysis, destination management, marketing and customer relationship management.

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